Government of Saskatchewan

Annual Report 1987-88

Saskatchewan Trade and Investment

89-02810/

Table of Contents

	Page
Letters of Transmittal	3
Overview	4
Organization Charts	5
The Year in Review	6
Trade Negotiations Secretariat	7
Trade Promotion Branch	8
Trade Policy Branch	8
Trade Programs Branch	9
Policy Co-ordination Branch	9
Special Projects Branch	10
Industrial Development Services Branch	10
Public and Corporate Affairs Branch	11
Administration Branch	11

Letters of Transmittal

From the Minister

The Honourable Sylvia Fedoruk
Lieutenant Governor of the
Province of Saskatchewan

Madam:

I have the honour to present herewith the Annual Report for the Department of Trade and Investment for the fiscal year ending March 31, 1988.

Respectfully submitted,

Bob Andrew
Minister of Trade
and Investment

From the Deputy Minister

Honourable Bob Andrew
Minister, Saskatchewan
Trade and Investment

Sir:

I have the honour to submit for your consideration the Annual Report for Saskatchewan Trade and Investment for the fiscal year ending March 31, 1988.

Respectfully submitted

Don Wright
Deputy Minister of Trade
and Investment

Overview

During the fiscal year under review, there were significant administrative and organizational changes to government "business" departments. One critical change was the dissolution of the Department of Economic Development and Trade on January 15th and the re-alignment of its parts to two new departments. The Industrial Development Services Branch went from the former Department of Economic Development and Trade to the new Economic Development and Tourism; remaining Economic Development and Trade branches, the Trade Negotiations Secretariat, and a new Investment Division became the new Department of Trade and Investment.

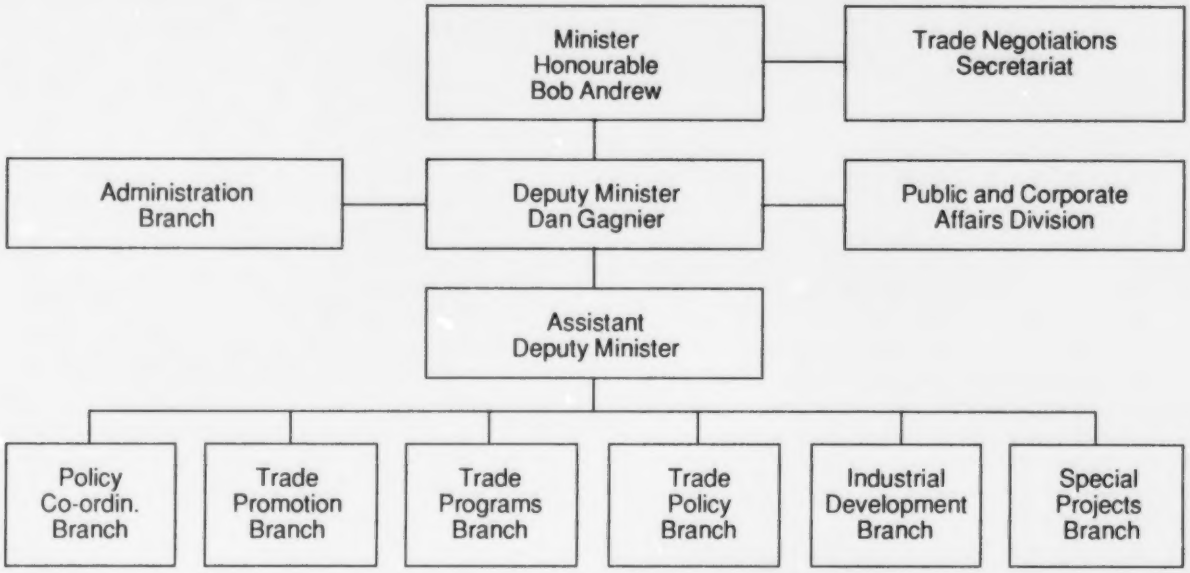
The defining characteristic of the Department of Trade and Investment's mandate is its external focus. It is charged with:

- the maintenance and expansion of exports from Saskatchewan;
- the diversification, by market and product, of Saskatchewan exports;
- increasing inflows of investment from outside the province, either through direct foreign investment, portfolio investment in Saskatchewan-controlled businesses, or through joint ventures between Saskatchewan-controlled firms and firms based outside the province; and
- the development of investment projects that will increase the export base of the province.

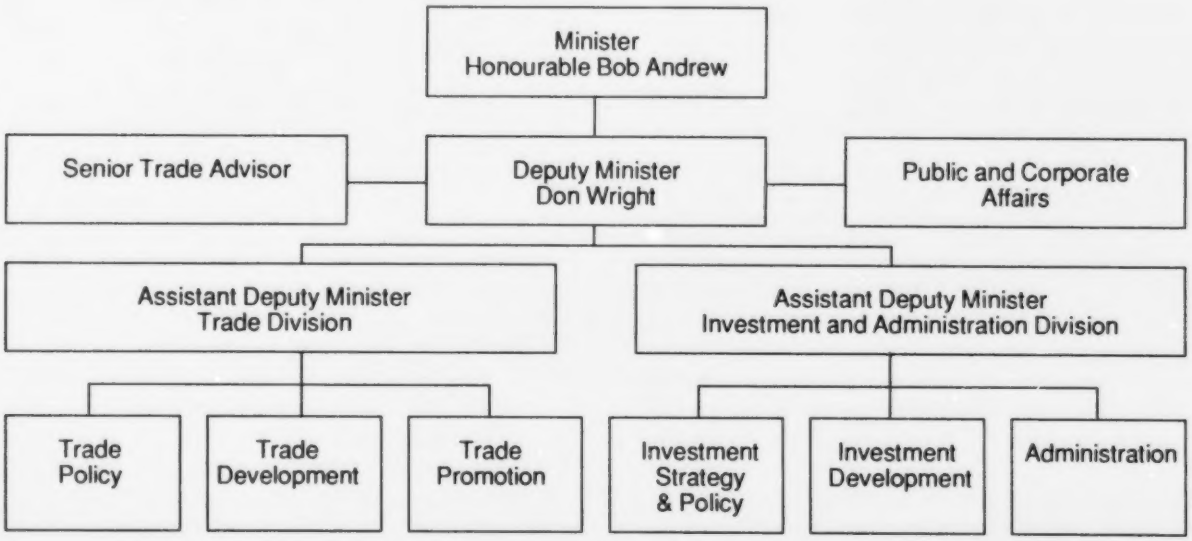
In March 1988, Don Wright was appointed Deputy Minister for the Department of Trade and Investment. Shortly thereafter, Mr. Wright began a re-organization which crossed over the fiscal year-end; staffing of key positions in the new organization is expected to be completed by the Fall of 1988.

To portray an accurate picture of the organization and activities during the 1987-88 fiscal year, two organization charts are presented: one showing the organization that was in place for the first 10 months, and one that depicts the organization that the department was moving toward at the close of the year.

Organization Chart (April 1, 1987)



Organization Chart (March 31, 1988)



NOTE: BECAUSE THE RE-ORGANIZATION THAT OCCURRED DURING THE FISCAL YEAR UNDER REPORT HAD NOT BEEN COMPLETED BY THE END OF THE YEAR, TWO ORGANIZATION CHARTS ARE PRESENTED. ONE SHOWS THE STRUCTURE IN PLACE FOR THE FIRST 10 MONTHS OF THE YEAR AND THE SECOND DEPICTS WHAT THE DEPARTMENT WAS REACHING AT THE CLOSE OF THE YEAR.

The Year in Review

- A new department with a sharp external focus, Saskatchewan Trade and Investment, was created in January, 1988.
- The new Deputy Minister, Don Wright, began a re-organization in March, 1988.
- Trade Negotiations Secretariat's work with the federal government culminated in the signing of the final Free Trade Agreement.
- Trade Negotiations Secretariat provided technical support to the Premier and Ministers at public consultations and town hall meetings which reviewed the elements of the Free Trade Agreement with the Saskatchewan public.
- The department assisted the Saskatchewan Chamber of Commerce organize the conference "Our Future with Free Trade".
- Department staff assisted in the sale of $80,000 of forage seed to China, $10 million of equipment to Tanzania, and $2.5 million of processed meats to the U.S.
- The department produced two publications that received extensive distribution: *Canada - U.S. Free Trade Agreement — What it Means for Saskatchewan,* and *Handbook of Selected Statistics on Saskatchewan Trade 1988.*
- Working with the Agricultural Development Corporation, the department negotiated and arranged the signing of a $72 million countertrade agreement with a Japanese company.
- Identification and development of export opportunities for Saskatchewan were enhanced with the opening of the department's New York office.
- The department worked to ensure Saskatchewan's interests would be met with the implementation of the Canada-U.S. Softwood Lumber Agreement.
- Fifteen recent post-secondary graduates received on-the-job training in export marketing with Saskatchewan companies through the Trade Opportunities Program.
- The Business Immigration Program resulted in 36 immigrants arriving to Saskatchewan in 1987 to start new businesses.
- The department examined opportunities arising from the ERDA Subsidiary Agreement on Irrigation-Based Economic Development, and helped clients access the agreement's benefits.
- The department developed a new provincial ethanol incentive program.
- The department implemented a cost-saving computerized fiscal management system for its financial records.

Trade Negotiations Secretariat

The Trade Negotiations Secretariat formulates and directs Saskatchewan's input into Canada's negotiations of the Canada-U.S. Free Trade Agreement (FTA) and the Uruguay round of the GATT (General Agreement on Tariffs and Trade) negotiations. The Secretariat coordinates and manages the sectoral advice and expertise from various government departments and industry on all tasks related to both sets of negotiations.

The fiscal year witnessed the conclusion of negotiations leading to the FTA with the signing of the final agreement on January 2, 1988 by Canada and the United States. Since that time, both countries have been working on legislation under which the terms of the FTA would be initiated on January 1, 1989.

The GATT, or multilateral trade negotiations, continued during the 1987-88 fiscal year. Negotiating new rules for international trade of agricultural products was Saskatchewan's first priority. Other key objectives were to reduce tariffs and other barriers facing Saskatchewan's exports; improved rules for trade in natural resource products and more effective rules governing subsidies and dumping in traded products. GATT negotiations will likely conclude by the end of 1990.

Secretariat activities during the year included:

- co-ordination of, and participation in, a second round of public consultations to assess whether the *Elements of the Agreement*, finalized in early October, achieved Saskatchewan's objectives. Groups representing industry, labour, consumers and universities participated in twenty meetings in eight cities. Their views were invaluable in confirming Saskatchewan's response to the final text of the FTA.
- analytical and technical support for the Premier and various ministers in the series of town hall meetings in over 30 communities in all regions of the province. The meetings provided a forum for the public to become more aware of the terms and conditions of the FTA and to satisfy their concerns about the agreement by questioning government members and Trade Negotiations Secretariat staff.
- program planning for the conference "Our Future with Free Trade" held March 7 and 8, 1988 in Saskatoon. The conference examined the trading environment that would exist after FTA implementation and how Western Canadian businesses could best operate in that environment.
- preparation of *Canada-U.S. Free Trade Agreement: What it Means for Saskatchewan*, a summary of the FTA's contents, a description of what is not in the agreement, a review of the FTA's likely impact on each of our major economic sectors, and a discussion of concerns raised at the public consultations held across the province during 1986 and 1987. This document was released in March.
- representation of the Government of Saskatchewan at monthly meetings of the Continuing Committee on Trade Negotiations, chaired by Ambassador Simon Reisman, and at federal-provincial groups working on the major negotiating issues. Through the federal Trade Negotiations Office and Canada's Chief Negotiator, Ambassador Reisman, the Saskatchewan Trade Negotiations Secretariat contributed a Saskatchewan perspective to Canada's negotiating objectives and strategies leading to the January 1988 signing of the FTA.
- articulation and provision of provincial input into Canada's initial positions on agriculture, tariff removal and new trade rules at the GATT negotiations.
- continuous analysis of proposed U.S. trade bills and other U.S. legislation that would affect Saskatchewan exports and, together with industry, communication of concerns to the federal government.
- provision of technical advice to Saskatchewan Energy and Mines and industry in the province's management of threatened U.S. actions against Saskatchewan's potash and uranium industries.
- development and representation of Saskatchewan's position on the Canada/European Community dispute about provincial liquor agencies' practices regarding beer, wine and distilled spirits.

With the conclusion of the FTA, it was determined that the Trade Negotiations Secretariat had successfully fulfilled its mandate and thus, in the 1988-89 fiscal year, its duties would be amalgamated into a strengthened Trade Policy Branch.

Trade Promotion Branch

The Trade Promotion Branch helps Saskatchewan exporters market their products and services outside the province by providing export consulting services and market development programs.

Strategically placed international offices in Hong Kong, New York and London complement the above activities and enhance the department's ability to deliver timely and accurate information to its Saskatchewan clients.

In 1987-88, trade officers assisted companies in marketing products including agricultural equipment, meat, forage seed, electronic instruments, pasta, software and genetic materials. While action involved a number of countries, promotional initiatives were primarily in the United States, Japan, China, USSR and Canada.

Projects the branch successfully completed during the year include the:

- negotiation and sale of forage seed to China;
- identification and facilitation of joint venture equipment procurement contract in Tanzania;
- sale of processed meat products to the eastern United States;
- negotiation and signing of a countertrade agreement (in concert with the Agricultural Development Corporation) with Marubeni Corporation of Japan;
- sale of genetic materials and equipment to China;
- identification of U.S. wholesalers for pine shingles and shakes for a Saskatchewan company which resulted in product sales;
- introduction of six agricultural equipment manufacturers and their products to the Montana buying public;
- organization of trade missions to Japan, USSR and Hong Kong;
- sponsorship and organization of the International Lounge at the Western Canada Farm Progress Show;
- hosting and co-ordination of approximately 20 incoming missions from Japan, China, USSR and the United States; and
- organization of Saskatchewan participation at several trade shows in the United States and Canada.

Trade Policy Branch

The Trade Policy Branch secures and improves access to new and existing international markets for Saskatchewan exporters by defending Saskatchewan interests in trade disputes and by undertaking research to identify markets for Saskatchewan products.

Activities to protect Saskatchewan's trade interests included:

- providing information and strategic advice on provincial manufacturing sectors to the Trade Negotiations Secretariat during the FTA negotiations;
- overseeing the implementation of the Canada-U.S. Softwood Lumber Agreement in Saskatchewan to ensure benefits accruing to the province would be properly credited;
- monitoring trade disputes in other jurisdictions to ensure that any decisions reached would not have an adverse effect on Saskatchewan; and
- representing Saskatchewan on a federal-provincial negotiating panel to reduce interprovincial trade barriers in the area of provincial liquor board practices.

The branch provides analytical trade advice. Such activities for 1987-88 included:

- production of a widely used *Handbook of Selected Saskatchewan Trade Statistics*;
- undertaking a market identification study for selected food products among ASEAN member countries;
- providing input to the Federal/Provincial Market Development Council on market prospects for a wide range of Saskatchewan agricultural products; and
- assisting with briefing materials and logistical co-ordination for ministerial and industry trade delegations and missions.

Trade Programs Branch

The Trade Programs Branch administers the department's Trade Opportunities Program and co-ordinates Saskatchewan participation in the federal government's Business Immigration Program. Funding for the Aid to Trade Program and the Market Development Program was not renewed in 1987-88. However, some administrative duties were performed for projects approved under the latter program that had crossed over to the 1987-88 fiscal year. More information may be found in the annual report tabled separately for the Market Development Program.

The Trade Opportunities Program assists Saskatchewan exporters to expand their international marketing capabilities, and provides training in export marketing for recent graduates from a recognized college or university. Companies that hire these graduates receive financial incentives (to established limits), for up to two years, to cover a portion of the employee's salary and export-related travelling expenses. In 1987-88, seven new graduates were approved in the program; eight others completed their second year.

The Business Immigration Program, a federal government program, encourages prospective immigrants to establish or purchase business ventures in Canada. There are three categories under which candidates may participate and receive priority immigration processing. Each category has different conditions regarding employment creation and the type of the business invested in or purchased. The Trade Programs Branch co-ordinates Saskatchewan's participation by:

- consulting with the federal government on policy matters related to business immigration;
- providing information to prospective immigrants or people that represent them about doing business in the province;
- engaging in promotional activities that encourage business immigrants to Saskatchewan; and
- evaluating business proposals submitted by prospective investors.

In 1987, 36 business people entering Canada through the Business Immigration Program received landed immigrant status to Saskatchewan. Twenty-four were Hong Kong residents; the remainder were from Korea, Germany, the United States and Singapore.

This branch ceased to exist separately in Trade and Investment's new organization; various of its responsibilities will be assumed by other department branches.

Policy Co-ordination Branch

The Policy Co-ordination Branch is responsible for policy development, sectoral analysis, program development and assessment, inter-agency liaison, and issue management.

Clients include the Minister and the department, other government departments, industry associations, and the province's business and manufacturing community.

In 1987-88 the branch:

- analyzed constraints and opportunities in a number of industrial sectors and helped develop strategies aimed at increasing growth and diversification in Saskatchewan's economy. In particular, branch staff have spent, and continue to spend, considerable effort with the alfalfa processing industry.
- worked extensively with the Economic Development Sub-committee of the Canada-Saskatchewan ERDA Subsidiary Agreement on Irrigation-Based Economic Development, managing a number of studies that addressed the economic and market feasibility of various irrigation-related food processing concerns. As well, staff worked directly with clients accessing the sub-agreement's benefits.
- assisted the plastics manufacturing sector by:
  —identifying international, national and Saskatchewan industry trends;
  —producing an industry directory (that was later published by the Department of Economic Development and Tourism); and
  —providing guidance with respect to the formation of a Saskatchewan plastics manufacturers' association.

The branch represented the department on a number of committees including:

- the Saskatchewan Advanced Technology Management Association, where it worked with the association to establish a Regina chapter and review the implications of federal tax credit programs;
- a federal-provincial task force dealing with barriers to interprovincial trade, on which it participated in intergovernmental negotiations to reduce trade barriers relating to government procurement and liquor practices;
- a federal-provincial task force which examined regional development programming. This group's work resulted in the "*Report of the Federal-Provincial Task Force on Regional Development Assessment*", which was released at the Annual Conference of First Ministers in November 1987; and
- the federal-provincial Forest Industries Development Committee.

Several federal initiatives were monitored and analyzed, including the Western Diversification Initiative and proposals to reform Canada's bankruptcy legislation.

During 1987-88 the branch prepared briefings for federal-provincial industry ministers' meetings and other intergovernmental conferences, as well as prepared and co-ordinated briefings, analyses and correspondence for the Minister and senior management on a wide variety of issues and topics.

The branch co-ordinated a review of the department strategy and produced a paper entitled *1988-89 Budget Strategy for the Department of Economic Development and Trade.* This set the groundwork and established the rationale for the subsequent re-organization of the department. In the new organization, the Policy Co-ordination Branch is re-defined, with separate policy units established for investment and trade matters.

Special Projects Branch

The Special Projects Branch works with industry and potential investors to assess the need for, and negotiate the amount and form of, government funding for special projects. These projects are not eligible for assistance under structured government programs, or require funding over what is provided through these programs. The branch evaluates the financial viability and provincial impact of each project to support a government decision to approve or reject funding.

The examination for funding may occur at industry request or where the government believes an economic development opportunity may exist.

Assuming a positive assessment of a project, the branch negotiates with firms involved and bargains for terms that will benefit Saskatchewan.

In 1987-88, the branch developed the provincial ethanol incentive program which was approved by Cabinet and implemented by the Department of Finance.

The branch also continued its in-depth research on farm chemicals. During the year, the federal government announced a change in farm pesticide regulations making registration of generic pesticides easier. This change had been lobbied for by the province. Projects in forest products, the food and beverage industry, and high technology electronics received further analysis; the branch also reviewed approximately 40 Investment Canada applications.

This branch ceased to exist separately in Trade and Investment's new organization; various of its responsibilities will be assumed by new department structures.

Industrial Development Services Branch

On January 15, 1988 this branch moved to the new Department of Economic Development and Tourism; its activities are included in that department's report.

Administration Branch

The Administration Branch's services to the department include:

- financial management and control;
- accounting;
- budgeting;
- supplies and equipment acquisition;
- mail and stockroom management for Trade and Investment as well as the Department of Economic Development and Tourism;
- office space planning and co-ordination;
- co-ordination of systems acquisition; and
- human resources management.

One of the branch's main responsibilities is administration of the department's budget preparation, fiscal forecasting, payment of expenditures, and professional accounting services, which include management of foreign office operating accounts. The Administration Branch co-ordinates preparation for department appearances in the Legislative Assembly before Public Accounts and Committee of Finance.

In addition to the routine annual administrative activities, in 1987-88 the branch:

- developed and implemented a computerized fiscal management system for the department which resulted in considerable savings of staff time and which also ensured greater data integrity;
- assumed financial management responsibilities for the Office of the Agent General in London; and
- co-ordinated start-up activities for the newly established New York office including development of a policy and procedures manual.

The Administrative Branch interprets and ensures compliance with Public Service Commission policy, regulations, and collective agreements.

Human resource management services provided to the department include assistance with recruitment, development and retention of competent employees. Provision of information on employee benefit programs, education leave, career counselling and employee participation in Public Service Commission courses all help fulfill these needs.

Staff represented the department on an interdepartmental committee to review and recommend modifications to the government's computerized Human Resources Management system. In addition, staff participated in an interdepartmental committee which examined alternatives and adopted a plan for government employment equity initiatives.

Public and Corporate Affairs Branch

Public and Corporate Affairs provides public affairs services to the government and the minister; to the department as a whole and the specific branches within the department; and to the Saskatchewan business and manufacturing community. The branch undertakes communications projects which promote Saskatchewan exports, attract out-of-province investment, encourage industrial development, and promote departmental programs and services.

Public and Corporate Affairs produces and distributes speeches, news releases, pamphlets, booklets, technical publications, video productions, ads, exhibits and specialty promotional items. This also involves the department's participation in trade and investment shows, official openings, news conferences and various special events.

A major thrust in the 1987-88 year's activities involved information programs related to the Canada-U.S. free trade agreement.

Saskatchewan
Trade and
Investment

Hon. Bob Andrew
Minister

1919 Saskatchewan Drive
Regina, Saskatchewan
S4P 3V7